

Message Text

CONFIDENTIAL

PAGE 01 HONG K 13019 021450Z

53

ACTION EA-10

INFO OCT-01 ISO-00 EB-07 FEA-01 COME-00 INT-05 PM-03

NSC-05 SP-02 SS-15 RSC-01 SAJ-01 OMB-01 NIC-01 /053 W

----- 050530

R 020947Z DEC 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 3054

INFO USLO PEKING

AMEMBASSY TOKYO

AMEMBASSY TAIPEI

CINCPAC HONOLULU HI

C O N F I D E N T I A L HONG KONG 13019

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: EALR ECON ENRG CH

SUBJ: PRC COAL PRODUCTION IN DIFFICULTIES

1. LAGGING PRC COAL PRODUCTION HAS PROMPTED PEKING TO CALL FOR EXTRAORDINARY MEASURES BY THE PROVINCES TO BRING UP PRODUCTION DURING THE LAST TWO MONTHS OF THE YEAR. RESPONDING TO RECENT CENTER INSTRUCTIONS, SHENSI PROVINCE HAS FOUGHT TWO "BATTLES" TO " SEIZE HIGH COAL PRODUCTION" AND ACHIEVED DRAMATIC PRODUCTION INCREASES DURING THE TWO SHORT TRIAL PERIODS. ALTHOUGH TOTAL PRC COAL PRODUCTION HAS BEEN INCREASING SINCE THE CULTURAL REVOLUTION, THE RATE OF GROWTH HAS APPARENTLY BEEN DECREASING SINCE 1970. OUTPUT IS ESTIMATED TO GROW AT ABOUT SIX PERCENT IN 1974, PERHAPS REACHING 400 MILLION TONS. THE PAUCITY OF PUBLISHED STATISTICS IN THE LATTER HALF OF THE YEAR SUGGESTS THAT MOST PROVINCES ARE BELOW TARGET.

2. SMALL COAL MINES, HOWEVER, HAVE INCREASED PRODUCTION RAPIDLY; THEY ACCOUNT FOR ABOUT 28 PERCENT OF TOTAL PRC COAL PRODUCTION IN 1973 (UP FROM 24 PERCENT IN 1970). EVEN THOUGH SMALL, LOCALLY- RUN COAL MINES PRODUCE POOR

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 HONG K 13019 021450Z

GRADE COAL THIS IS SUITABLE MOSTLY FOR LOCAL INDUSTRIES

AND CONSUMERS, THE GOVERNMENT WILL PROBABLY CONTINUE TO ENCOURAGE THIER DEVELOPMENT AS A MEANS OF INCREASING OUTPUT WITHOUT COMMITTING LARGE AMOUNTS OF STATE FUNDS TO IT.

3. LACK OF MECHANIZATION IS PROBABLY THE MAJOR RESTRAINT ON PRC COAL PRODUCTION. YET IMPORTS OF FOREIGN MINING EQUIPMENT (PERHAPS AROUND \$100 MILLION IN THE LAST TWO YEARS) DO NOT SEEM TO BE OF A MAGNITUDE TO HAVE MORE THAN A MARGINAL IMPACT ON PRODUCTION. CONSISTENT WITH ITS THEME OF SELF-RELIANCE, THE PRC HAS APPARENTLY DECIDED IT CAN ACCEPT A SLOWER RATE OF GROWTH UNTIL ITS OWN INDUSTRY CAN PROVIDE THE DESIGN WORK AND MECHANIZATION NEEDED TO BOOST COAL OUTPUT. IN THE MEANTIME, EXHORTATION AND SOCIALIST ENTHUSIASM, SUCH AS SHENSI'S " BATTLES FOR HIGHER PRODUCTION" ARE BEING MADE TO SUBSTITUTE FOR MACHINERY. (FOR DETAILS SEE HK A-311.)
CROSS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COAL, PRODUCTION
Control Number: n/a
Copy: SINGLE
Draft Date: 02 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974HONGK13019
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740348-1033
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741268/aaaacglu.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2002 by shawdg>; APPROVED <18 MAR 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRC COAL PRODUCTION IN DIFFICULTIES
TAGS: EALR, ECON, ENRG, CH
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005